Spirax-Sarco Engineering plc Gender Pay Gap Report 2018

Background:

In accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, which came into force on 6th April 2017, all UK subsidiaries of Spirax-Sarco Engineering plc employing 250 or more people are required to publish gender pay gap data on their website, on an annual basis.

Spirax-Sarco Engineering plc has three UK subsidiaries which meet the statutory reporting threshold: Spirax Sarco Ltd, Watson-Marlow Ltd and Aflex Hose Ltd. Four UK subsidiaries (BioPure Technology Ltd, Chromalox UK Ltd, Gestra UK Ltd and VCE Ltd) do not meet the statutory reporting threshold and are not reported separately. We have chosen to voluntarily disclose consolidated Group figures for Spirax-Sarco Engineering plc’s entire UK workforce and consolidated figures for Watson-Marlow Fluid Technology Group’s UK workforce.

Total number of employees

The hourly gender pay gap contained in this report was calculated as at 5th April 2018 and bonus data from bonuses paid in the 12 months prior to that date. On 5th April 2018, Spirax-Sarco Engineering plc’s UK operations employed 1,657 people of whom 1,318 were male (80%) and 339 were female (20%).

Definitions:

Unlike equal pay data, which considers the differences in pay between male and female employees carrying out similar jobs or work of equal value, the gender pay gap is the difference in the average earnings of males and females across the company as a whole, irrespective of role. Positive gender pay gap figures denote higher male earnings, while negative figures denote higher female earnings.

Spirax-Sarco Engineering plc, consolidated data for all UK operations: ¹

<table>
<thead>
<tr>
<th>Difference between male and female</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hourly fixed pay gap</td>
<td>18.1%</td>
<td>18.9%</td>
</tr>
<tr>
<td>Bonus pay gap</td>
<td>52.2%</td>
<td>53.6%</td>
</tr>
</tbody>
</table>

Proportion of employees who received a bonus for 2017 (%)

1 Consolidated data includes all employees including three Directors of Spirax-Sarco Engineering plc and four UK subsidiary companies.
Analysing Spirax-Sarco Engineering plc’s UK pay gap:

The average hourly pay of males is 18.1% higher than that of females in Spirax-Sarco Engineering plc’s UK operations. This is primarily because there is less female representation in the upper pay bands within Spirax-Sarco Engineering plc compared to the lower pay bands.

The UK Office for National Statistics estimates a 17.1% mean gender pay gap across all industries in 2018; therefore, our mean gender pay gap is slightly above the national average.²

Spirax-Sarco Engineering plc is an equal opportunities employer. Therefore, we believe that the gender pay gap disclosed in this report reflects structural differences in the level and types of jobs carried out by males and females within our workplaces. Our remuneration practices are designed to reward and recognise the contribution of all employees, and to be free of gender bias. We complete a regular salary benchmarking exercise, using external agencies and consultants, to help standardise and inform pay recommendations.

In total, 83% of male and 85% of female employees received bonuses in the 12 months to 5th April 2018, with male bonus earnings being 52.2% higher on average. Again, this reflects the lower proportion of females in senior management positions.

Proportion of males and females in each pay quartile (%)

<table>
<thead>
<tr>
<th>Pay Quartile</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper quartile pay band</td>
<td>12</td>
<td>88</td>
</tr>
<tr>
<td>Upper middle quartile pay band</td>
<td>18</td>
<td>82</td>
</tr>
<tr>
<td>Lower middle quartile pay band</td>
<td>23</td>
<td>77</td>
</tr>
<tr>
<td>Lower quartile pay band</td>
<td>29</td>
<td>71</td>
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How Spirax-Sarco Engineering plc is continuing to address its UK gender pay gap

According to a 2017 report by the Institution of Mechanical Engineers, women account for only 9% of the engineering workforce in the UK.³ The gender imbalance and structural workforce challenges that we face are symptomatic of a number of wider issues within UK society, such as the underrepresentation of females studying STEM (Science, Technology, Engineering and Mathematics) subjects at university and going into STEM careers, entrenched gender stereotypes associated with certain roles, the continuing predominance of females acting as primary childcare provider and the attendant likelihood of females working reduced hours.

We are continuing to challenge entrenched gender stereotypes around the roles of males and females in the workplace, with the aim of encouraging more females into engineering and STEM careers.

Our early careers programme, which includes regular engagement with local schools is continuing as is participation in, and hosting of, International Women in Engineering Day events. Attending careers fairs, offering apprenticeships, Year in Industry and Graduate recruitment programmes, are all ongoing initiatives and will hopefully help us to break down gender stereotypes and raise awareness of engineering as a career for both males and females.

³ Institution of Mechanical Engineers, “Stay or Go? The Experience of Female Engineers in Early Career”, July 2017
Other initiatives over the previous 12 months have included diversity and inclusion coaching to raise awareness of unconscious bias, reverse mentoring for female talent and improvements to the UK maternity benefit.

Our intent is to continue to focus on our business practices and to take action to encourage diversity and inclusion in every form including a focus to improve female representation in the longer term.

Statement:

The data contained in this report has been calculated using the mechanisms set out in the gender pay gap reporting legislation and in line with mandatory requirements.

Signed:

Jim Devine

Jim Devine
Group HR Director, Spirax-Sarco Engineering plc

28th February 2019
Spirax-Sarco Ltd

On 5th April 2018, Spirax-Sarco Ltd comprised 977 employees of whom 776 were male (79%) and 201 were female (21%).

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<tr>
<td></td>
<td>Mean</td>
<td>Median</td>
<td></td>
</tr>
<tr>
<td>Hourly fixed pay gap</td>
<td>26.3%</td>
<td>26.8%</td>
<td></td>
</tr>
<tr>
<td>Bonus pay gap</td>
<td>61.0%</td>
<td>50.9%</td>
<td></td>
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</table>

Proportion of employees who received a bonus for 2017 (%)

![](image)

Proportion of males and females in each pay quartile (%)

![](image)

Analysing Spirax-Sarco Ltd’s gender pay gap

As with the Group figures, the key contributing factor affecting of the gender pay gap for both hourly rates of pay and bonus pay is the higher proportion of females in the lower pay bands compared to the proportion of females in the higher pay bands.

The higher pay gap in the mean and median hourly rates of pay and bonus is also a result of the inclusion of Spirax-Sarco Engineering plc Executive Directors and the senior managers of a number of Group functions in the Spirax-Sarco Ltd data. The inclusion of these senior managers serves to widen the pay gap.

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4 Spirax-Sarco Ltd’s data includes three Spirax-Sarco Engineering plc Executive Directors.
Watson-Marlow Fluid Technology Group

On 5th April 2018, Watson-Marlow Fluid Technology Group employed 630 people in the UK, of whom 501 were male (80%) and 129 were female (20%).

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<tbody>
<tr>
<td>Hourly fixed pay gap</td>
<td>1.0%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Bonus pay gap</td>
<td>-13.0%</td>
<td>0.0%</td>
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</tbody>
</table>

Proportion of employees who received a bonus for 2017 (%)

Proportion of males and females in each pay quartile (%)

Analysing Watson-Marlow Fluid Technology Group’s UK gender pay gap

At 1.0%, Watson-Marlow Fluid Technology Group’s mean hourly gender pay gap is significantly lower than the national average. This is a result of there being similar proportions of females in the higher pay bands as the lower pay bands.

Watson-Marlow’s Executive Committee comprises five males and two females. Of the males, two are paid outside of the UK and so are excluded from the data set. The combination of a higher percentage of female senior managers in the data set and a number of male senior managers being employed outside the UK, serves to further reduce the gender pay gap.

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5 The consolidated data for Watson-Marlow Fluid Technology Group includes Watson-Marlow Ltd, Aflex Hose Ltd and BioPure Technology Ltd.
Watson-Marlow Ltd

On 5th April 2018, Watson-Marlow Ltd employed 306 people, of whom 233 were male (76%) and 73 were female (24%).

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<tbody>
<tr>
<td>Hourly fixed pay gap</td>
<td>4.6%</td>
<td>15.9%</td>
</tr>
<tr>
<td>Bonus pay gap</td>
<td>-48.7%</td>
<td>0.0%</td>
</tr>
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</table>

Proportion of employees who received a bonus for 2017 (%)

- **Males**: 96%
- **Females**: 97%

Proportion of males and females in each pay quartile (%)

- **Upper quartile pay band**: Males 21%, Females 79%
- **Upper middle quartile pay band**: Males 16%, Females 84%
- **Lower middle quartile pay band**: Males 28%, Females 72%
- **Lower quartile pay band**: Males 31%, Females 69%

Analysing Watson-Marlow Ltd’s gender pay gap

Watson-Marlow Ltd’s mean hourly pay gap is considerably lower than the Spirax-Sarco Engineering plc consolidated figure, and also the national average, at 4.6%. Bonus pay is 48.7% higher for females than for males. A number of female senior managers in Watson-Marlow Ltd serve to lower the gender pay gap and increase the average bonus pay for females.
Aflex Hose Ltd

On 5th April 2018, Aflex Hose Ltd employed 271 people, of whom 238 were male (88%) and 33 were female (12%).

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<tbody>
<tr>
<td>Hourly fixed pay gap</td>
<td>3.5%</td>
<td>-5.6%</td>
</tr>
<tr>
<td>Bonus pay gap</td>
<td>2.0%</td>
<td>-129.5%</td>
</tr>
</tbody>
</table>

Proportion of employees who received a bonus for 2017 (%)

Proportion of males and females in each pay quartile (%)

Analysing Aflex Hose Ltd’s gender pay gap

Aflex Hose Ltd’s mean hourly pay gap is significantly lower than the national average at just 3.5%, while median hourly pay is 5.6% higher for females than males. The narrowness of Aflex’s gender pay gap is primarily structural in nature. While males outnumber females in all quartiles of the workforce, female representation is highest in the upper pay quartile, at 16%, which continues to inflate the female average pay in comparison to males. A small number of higher-earning females serve to reduce the hourly pay gap.

The median bonus is significantly higher (129.5%) for females than for males. A small number of females received a bonus in the reporting period and they had a relatively high median bonus pay. More males than females received bonuses and male bonuses were spread across a much wider value range, with a larger proportion of them receiving lower bonuses, giving a lower median bonus for males than females.